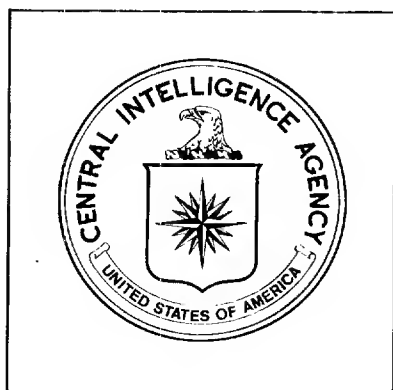


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WESTERN EUROPE — CANADA — INTERNATIONAL ORGANIZATIONS

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New Economic Measures Fail to Appease
Icelandic Workers

The Icelandic Federation of Labor's lukewarm reaction to a package of government economic proposals suggests that a general strike on April 7 is still under consideration.

The economic proposals are designed to cut government spending and assist low-income workers. Income tax laws will be adjusted and some import duties will be reduced or eliminated. The government claims that the proposed tax reduction will mean a six to seven percent increase in wages. Forced savings measures will require those with high incomes to purchase government bonds. The government also proposes a tax on departing travelers and an increase in landing charges.

Current wage negotiations between the government and labor under way for weeks have made little progress. Labor had hoped that the government's package would contain tough measures to ease the economic pinch. Labor claims that a 20 percent devaluation of the kronur last month, a one percent sales tax hike, and recent rate increases for utilities have contributed to nearly a 50 percent loss in purchasing power over the last year.

The Icelandic Federation of Labor must give notice by March 26 in order to strike on April 7. A Labor spokesman said that after a thorough examination of the government's package, the IFL would inform the government of its reaction.

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Labor's patience is wearing thin. The unions probably believe that a strike is their only remaining option following the frustrating wage negotiations and the disappointing tax bill. (Confidential)

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ICFTU's Latin American Regional Organization
May be Restructured

An International Confederation of Free Trade Unions (ICFTU) delegation--composed of the organization's President, Secretary General and top officials of the Mexican and certain West European affiliates--are winding up a two-week "special mission" to Latin America. The main purpose of the trip is to discuss the policies and future of ICFTU's Interamerican Regional Organization of Workers (ORIT) with Latin American affiliates.

ORIT has been in a deep crisis for some time as a result of financial and administrative problems coupled with widespread member dissatisfaction over the organization's policies and general ineffectiveness. In particular, there are sharp differences between ICFTU and ORIT regarding Chile. Various European trade union leaders believe that ORIT has shown insufficient concern over the coup and subsequent developments. There has been considerable pressure on ICFTU to either reorganize or disband ORIT and the leaders of the Mexican, Colombian, Venezuelan, and Argentinian affiliates agreed last December to work toward the creation of a new regional organization.

During their visit to Caracas, the ICFTU delegation held substantive talks with local trade unionists and a consensus was reached that the Latin American democratic trade union movement badly needs restructuring in order to give it a new impetus. To this end, it was agreed that representatives of the key ORIT labor centrals--Canada, Mexico, Colombia,

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Venezuela, and the US--would get together before the ICFTU World Congress in Mexico in October in order to discuss what form the hemispheric organization should take. It was implicit during the discussion that the end result of this process might be a simple reform of ORIT, and a replacement of its present leadership, rather than the creation of an entirely new organization.

The Venezuelans had been in the forefront of those pushing for a new organization and their readiness to retain the ORIT structure may result from the fact that the Mexicans have paid up their back dues and an expectation that a Venezuelan would take over the Secretary Generalship as a part of a prospective reorganization.

ICFTU and the Venezuelans also agreed that it is essential that the AFL-CIO and the Canadian union organization should continue to participate in the hemispheric labor organization. (Confidential)

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NATO Consideration of Public Relations
Aspects of CSCE

NATO's political committee last week approved the US proposal that basic guidance be drawn up for members to use in explaining the results of CSCE to their publics.

The representatives seemed to agree on several points:

- The West should strike a balance between the positive and the negative. While it should be stressed that CSCE is only an element of detente and does not necessarily represent a turning point in East-West relations, Western participants should not appear to be "poor losers" by overemphasizing the conference's limited results.
- This balance will be difficult to achieve. As the Danish representative put it, the West will have to overcome the "paradox" of saying that CSCE results are positive enough to permit a summit-level conclusion while at the same time emphasizing that the conference's achievements are not earth-shaking.
- Western participants should stress that the ultimate importance of CSCE can only be judged after it is seen how agreements are implemented.
- Each Western participant, within the

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limits of the basic guidelines
agreed upon, will wish to stress
different themes in different ways.

The French representative illustrated this last point when he said that, unlike other Western participants, France will not be able to emphasize that MBFR is the key to military detente in Europe. The Frenchman thought his country would also wish to stress that detente is as much a bilateral as a multilateral exercise. The West German representative said that, in order to counter likely Soviet propaganda claims that the conference had codified the territorial status quo in Europe, Bonn would wish to point to the CSCE provision endorsing the peaceful change of borders. (Confidential No Foreign Dissem)

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